

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03

INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 AGR-05 FPC-01 /059 W

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R 161925Z MAY 75

FM AMEMBASSY KINGSTON

TO SECSTATE WASHDC 7739

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E.O. 11652: N/A

SUBJECT: REVIEW IDB PROGRAM

REF: STATE 92042

1. IDB HAS FOUR ACTIVE LOANS IN JAMAICA. THEY INCLUDE THE FOLLOWING PROJECTS: SELF-SUPPORTING FARMERS DEVELOPMENT PROGRAM; STUDENT LOAN PROGRAM; MEDIUM/SMALL SIZE INDUSTRY; AND TOURISM PROJECT; AND SECONDARY/PARISH COUNCIL ROAD PROGRAM.

TOTAL PROGRAM IN US DOLLARS 50.7 MILLION.

IDB TECHNICAL ASSISTANCE PROGRAM AMOUNTS TO 463,000 AND IS PRIMARILY TO FINANCE FEASIBILITY STUDIES, WATER SUPPLY, RURAL ELECTRIFICATION AND FOOD PROCESSING.

2. SELF-SUPPORTING FARMER LOANS CAME IN THREE TRANCHESES, 6.2 MILLION 1970, 3.0 MILLION IN 1971 AND 7.9 MILLION IN 1973. TOTAL DISBURSEMENT TO DATE AMOUNT TO 8.5 OR APPROXIMATELY HALF OF LOAN FUNDS. THE PROJECT HAS ENCOUNTERED A NUMBER OF DIFFICULTIES. LOANS WERE MADE TO NON-FARMERS, COLLECTIONS ARE LAGGING AND GOJ EXECUTING AGENCY THE AGRICULTURAL CREDIT BOARD INEPT. RESPONSIBILITY FOR PROGRAM EXECUTION HAS NOW BEEN

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TRANSFERRED TO THE JAMAICA DEVELOPMENT BANK AND ADDITIONAL

AGRICULTURAL CREDIT OFFICERS HAVE BEEN RECRUITED TO PROVIDE MORE EFFENSIVE FIELD SUPERVISION.

3. STUDENT LOAN PROGRAM, US 4.7 MILLION IS IN ITS SECOND STAGE AND DISBURSEMENTS HAVE JUST BEGUN. FIRST PHASE OF PROGRAM FULLY DISBURSED AND CONSIDERED SUCCESSFUL.

4. MEDIUM/SMALL SIZE INDUSTRY AND TOURISM DEVELOPMENT US 16.0 MILLION. DISBURSEMENTS ARE APPROXIMATELY 4.0 MILLION. IDB FUNDS ARE CHANNELED THROUGH JAMAICA DEVELOPMENT CORPORATION. GOJ HAS APPLIED FOR AN ADDITIONAL LOAN OF 5.0 MILLION FOR THIS PROGRAM.

5. IDB BOARD PROJECT IS FOR SURFACING SECONDARY AND PARISH COUNCIL ROADS AMOUNTING TO 11.5 MILLION AND CONSTRUCTION OF NEW BY-PASS IN ST. ANN PARISH TO COST 1.4 MILLION. PROGRAM IS IN EARLY STAGES OF IMPLEMENTATION.

6. JMB HAS SMALL STAFF AND RELIES UPON EXTERNAL ASSISTANCE FOR PROJECT DEVELOPMENT. IT IS DOUBTFUL THAT ADDITION OF ECONOMIST TO PRESENT STAFF WOULD BE PARTICULARLY HELPFUL. REAL NEED IS STAFF TO ASSIST WITH IMPLEMENTATION OF LOAN PROGRAMS. PROBLEM IS GOJ HAS INSUFFICIENT STAFF AT DECISION MAKING LEVEL FOR ORDERLY PROGRAM IMPLEMENTATION. USAID HAS PROPOSED GRANT PROGRAM TO IMPROVE GOJ IMPLEMENTATION CAPABILITY WHICH IDB SUPPORTS. WE FULLY ENDORSE PROPOSAL THAT FUTURE IDB LOANS MAKE PROVISION FOR TECHNICAL ASSISTANCE TO SPEED IMPLEMENTATION.

7. FORMER IDB RESIDENT REPRESENTATIVE WORKED CLOSELY WITH USAID AND COORDINATION WAS MOST EFFECTIVE. IDB REPRESENTATIVE RESIGNED FROM BANK IN FEBRUARY PARTLY BECAUSE OF FRUSTRATIONS OVER SLOW IMPLEMENTATION OF LOAN PROGRAM. HE ESTIMATED AT TIME OF HIS DEPARTURE IDB PIPELINE EXCEEDED 30 MILLION. NEW REPRESENTATIVE HAS BEEN NAMED AND EXPECTED IN JUNE.

8. IDB HAS PLANS FOR MAJOR NEW PROGRAMS FOR 1975, THRU 1977 OF 52.8 MILLION. HOWEVER MANY OF NEW PROJECTS ARE STILL UNDER CONSIDERATION. USAID HAS A SPECIAL INTEREST LIMITED OFFICIAL USE

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IN THREE PROPOSED FOR 1975: RURAL ELECTRIFICATION, DRAINAGE AND DEVELOPMENT BLACK RIVER MORASS, AND VOCATIONAL EDUCATION. RURAL ELECTRIFICATION PROJECT WILL COMPLEMENT USAID RURAL EDUCATION SECTOR LOAN. AID HAS ALSO ASSISTED GOJ/IDB OBTAIN EXPERTS POSSIBLY FROM U.S. BUREAU OF RECLAMATION TO PROVIDE EXPERTISE FOR BLACK RIVER PROJECT. USAID/CIDA/IDB COORDINATING CLOSELY ON PROPOSED VOCATIONAL EDUCATION PROJECT TO

ENSURE DONOR EFFORTS COMPLEMENTARY.

9. GIVEN CURRENT IMPLEMENTATION DELAYS USAID SUGGESTS IDB MAY WISH TO CONSIDER STRETCHING OUT PROJECTED INVESTMENT PROGRAM BEYOND 1977 WITH BULK OF PROJECTS IMPLEMENTED IN LATER YEARS. WE BELIEVE PROPOSED IDB INVESTMENT PROGRAM WHICH INVOLVES A MIX OF INFRASTRUCTURE DEVELOPMENT, EMPHASIS ON EDUCATION AND INCREASED AGRICULTURAL PRODUCTION ADDRESSES PRIORITY DEVELOPMENT OBSTACLES IN JAMAICA. PROGRAM ESSENTIALLY COMPLEMENTARY OTHER DONOR EFFORTS IN SAME SECTORS. USAID ONLY CONCERN IS THAT IDB MAKES ADEQUATE PROVISION FOR TECHNICAL PERSONNEL TO EXECUTE THIS RATHER AMBITIOUS PROGRAM.
GERARD

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: DEVELOPMENT BANKS, PROGRAMS (PROJECTS), DEVELOPMENT LOANS
Control Number: n/a
Copy: SINGLE
Draft Date: 16 MAY 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975KINGST01911
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750174-0462
From: KINGSTON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750546/aaaaboyc.tel
Line Count: 129
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 STATE 92042
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 10 SEP 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <10 SEP 2003 by KelleyW0>; APPROVED <11 SEP 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: REVIEW IDB PROGRAM
TAGS: EFIN, JM, IDB
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006